Serving Saskatchewan's Metis

ANNUAL REPORT - 2002

The Clarence Campeau Development Fund (CCDF) was established by The Metis Society of Saskatchewan Inc. subject to an agreement with the Government of Saskatchewan dated June 11, 1997. In September of 2001 an amendment to the Gaming Act recognized CCDF in legislation and a new Agreement between the province and the Metis Nation-Saskatchewan Sectretariat Inc. was executed in December 2002.

The purpose of the CCDF is to provide financial assistance where currently there is a void for Metis clients. The CCDF is not designed to replace or be in competition with, but to augment and complement existing government programs, agencies and other financial institutions. All applicants are to explore other sources of funding (e.g. banks, credit unions, Sasknative Economic Development, Community Futures, Aboriginal Business Canada, and the Northern Development Fund) The CCDF will not fund cultural activities, social programs, operations of political bodies, or non-economic related development projects.

The objective of the Fund is to stimulate economic development activities of Metis people and communities by providing equity for Metis businesses, support to community economic development initiatives and assistance for the development of the management skills of new and existing Metis business owners and entrepreneurs. The Fund derives its revenue subject to the agreement with the Government of Saskatchewan.

Mission Statement

The mission of the CCDF is to improve the economic circumstances of Saskatchewan Metis by providing funding for community development initiatives, development of management skills and assistance to new and existing Metis business.

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Goals and Objectives

The goals of the CCDF will be as follows:

a) To ensure that Metis Entrepreneurs acquire the management, administrative and marketing skills necessary for business success;
b) To increase employment opportunities for Metis persons;
c) To improve incomes for Metis persons.

PROGRAMS

1. Loan/Equity Contribution Program

This program is to assist Metis entrepreneurs by providing capital through interest free loans or equity that will enhance the applicants ability to leverage financing from other institutions and agencies.

CCDF can provide financial assistance of up to the lessor of $200,0000 per project or 35% of the value of the fixed assets identified in the program costs.

Purpose:

- The purchase or start-up of a new business
- The purchase of an existing business
- Business expansion or renovation

Method of Investment:

- Re-payable contributions for a term not to exceed seven years
- Equity instruments as follows to be held for a maximum period of ten years:
  - common shares
  - preferred shares
  - convertible preferred shares; or
- Convertible debentures for a maximum period of ten years.

General Guidelines:

- Businesses funded under this program must be for-profit and demonstrate viability through a sound business plan;
- Applicants must contribute a minimum of 5% equity to the project. Projects deemed by the Fund to be higher risk will require larger equity contributions;

- Equity may be in the form of cash, machinery, equipment, real estate or other unencumbered fixed assets. Assets must be valued at fair market value by an independent appraiser.

2. Community Business Development Program

This program is intended to assist Metis community owned business development associations and corporations leverage capital to develop businesses that will result in the creation of wealth and jobs for Metis.

Under this program CCDF can provide a one time non-repayable contribution up to the lessor of $100,000 or 35% of the value of fixed assets as identified in the program costs. Should the business be sold or disposed of within 3 years of receiving a non-repayable contribution it will become repayable immediately.

As well CCDF can contribute up to the lessor of $200,000 or 35% of the value of the fixed assets as a repayable contribution, preferred shares, convertible preferred shares or convertible debentures.

Repayable contributions will be for a term not to exceed seven years while equity instruments will not exceed ten years.

Note: Total funding from CCDF under this program will not exceed 50% of the value of the fixed assets.

Purpose:

- To start a new business
- To purchase an existing business
- To renovate or expand and existing business

Guidelines

- Businesses funded under this program must be for-profit and demonstrate viability through a sound business plan;
- The community will be expected to demonstrate its commitment through an injection of reasonable equity.

3. Large scale or Joint Venture Projects Program

Funding is available under this program for up to the lesser of $1,000,000 or 50% of the value of the fixed assets identified in the program. The Funding is available to Metis owned business projects with capital expenditures in excess of $2,000,000. These projects must be for profit and commercially viable. Priority will be given to higher-end, value added projects.

Financial assistance will be in the form of:

- Common shares
- Preferred shares
- Convertible debentures for a maximum period of ten years
- Units in a limited partnership or joint venture for a period set out in the partnership agreement or joint venture agreement

4. Development of Management and Marketing Skills Program

- This program supports training for new and existing Metis entrepreneurs to develop their management and marketing skills.

Guidelines:

- Applicants must provide an application that includes the purpose of the course as well as a course outline and a detailed budget;
- Applicants must demonstrate that they have approached other Metis educational funding agencies prior to applying to CCDF. CCDF does not intend to duplicate the services of other Metis Nation agencies or affiliates;
- Training must be through credible organizations that undertake to provide appropriate training;
- The training must be specific to business management and not technical training unrelated to the development of management and marketing skills;
- The maximum available under this program is 75% of the approved costs;
- CCDF funds only direct course costs such as tuition, workshop fees, books. Living costs are not included;
- This funding is only for short courses (degree and post-graduate studies are excluded);
- CCDF can support the development of business related courses through Metis training institutions. In this case the institution must provide accurate budgets, complete details on the training including a course outline and a list of the individuals (full and part time) enrolling in the program and other information that may be required to evaluate the success of the training upon completion.

5. Business Plan Assistance Program:

This program is intended to provide support to entrepreneurs who in the opinion of the Fund have a business concept that through initial screening provides excellent opportunity but requires a professional business plan in order to attract financing.

This program will allow entrepreneurs to engage the services of a professional consultant in order to undertake the quality of research and planning necessary to develop a business plan and attract financing.

Guidelines:

- The applicant will provide CCDF with an application for initial screening by the fund;
- The applicant must provide the name and qualifications of the consultant, a terms of reference and a quote of the costs agreed to;
- CCDF can consider funding up to 75% of the costs to a maximum of $10,000;
- This funding will not be repayable.

6. Support for Aftercare Program:

This program is intended to provide professional support to new businesses in order to help improve the opportunity for success.

Guidelines:

- Funding under this program is intended to allow the business to engage the services of a professional consultant to examine the operations of the business in order to identify areas that may require special attention;
- The applicant must provide the name and qualifications of the consultant, a terms of reference and a quote of the costs agreed to;
- CCDF can consider funding up to 75% of the costs, to a maximum of $5,000 in each of the first two years of the business operation. Unused portions in any year will not be carried forward;
- Funding under this program is not repayable;
- Funding is not intended for the development of interim or annual financial statements.

General Guidelines for all projects

- Projects which are not eligible:
  - Refinancing (some exceptions apply);
  - Payment of dividends;
  - Cultural activities;
  - Social programs;
  - Political bodies for political process.

All applicants will be required to enter into a contractual agreement with CCDF.

FOR ADDITIONAL INFORMATION PLEASE CONTACT THE CCDF OFFICE

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CLARENCE CAMPEAU DEVELOPMENT FUND

CUMULATIVE FUNDING REPORT

YEAR	TYPE	NUMBER	AMOUNT	JOBS	LEVERAGED $
1998	C/D	9	$ 177,109	-	$ 335,818
1999	C/D	19	$ 522,650	-	$ 603,980
2000	C/D	18	$ 468,300	-	$ 1,144,909
2001	C/D	19	$ 427,566	13	$ 615,317
2002	C/D	7	$ 302,467	12	$ 396,686
Total		**72**	**$ 1,898,092**	**25**	**$ 3,096,710**
1998	E	17	$ 419,908	39	$ 2,091,231
1999	E	49	1,212,768	98	$ 4,076,152
2000	E	57	$ 739,593	85	$ 2,934,716
2001	E	49	$ 693,183	102	$ 2,412.600
2002	E	55	$ 838,816	90	$ 2,234,803
Total		**227**	**$ 3,904,268**	**414**	**$ 13,749,502**
2000	MSD	**1**	**$ 100,000**		**$ 251,128**
Cum Total		**300**	**$ 5,902,360**	**439**	**$17,097,340**

C/D – Community Development Projects
E – Equity Contribution Projects
MSD – Management Skills Development

CLARENCE CAMPEAU DEVELOPMENT FUND

(Operating as the Métis Development Fund)

FINANCIAL STATEMENTS

December 31, 2002

Deloitte & Touche

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AUDITORS' REPORT

To the Directors of
Clarence Campeau Development Fund

We have audited the statement of assets, liabilities and fund surplus of the Clarence Campeau Development Fund as at December 31, 2002 and the statements of revenue, expenditures and fund surplus and of cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

February 19, 2003

CLARENCE CAMPEAU DEVELOPMENT FUND
(Operating as the Métis Development Fund)
Statement of Revenue, Expenditures and Fund Surplus
Year Ended December 31, 2002

	Budget	2002	2001
Revenues	$ 2,000,000	$ 2,002,839	$ 2,002,483
Interest and investment income *[note 6]*	216,000	184,558	256,790
	2,216,000	2,187,397	2,259,273
Operating expenditures			
Advertising and promotion	50,000	44,453	38,873
Amortization of capital assets	-	11,899	4,016
Bank charges	600	572	741
Consulting fees	40,000	12,739	5,448
Directors' expenses	47,600	51,941	39,481
Office expenses *[note 6]*	52,092	33,078	30,542
Professional fees	10,500	39,723	13,763
Rent *[note 6]*	7,656	8,298	6,612
Salaries and benefits	167,232	175,808	151,727
Telephone	6,600	7,917	5,380
Training	2,500	1,710	161
	384,780	388,138	296,744
	1,831,220	1,799,259	1,962,529
Other expenditures			
Grants to community projects *[note 6]*	-	355,134	469,475
Defaulted contributions receivable *[note 4]*	-	244,055	112,731
Provision for contributions receivable losses *[note 4]*	-	(28,840)	18,290
	-	570,349	600,496
Excess of revenue over expenditures	1,831,220	1,228,910	1,362,033
Fund surplus, beginning of year	7,967,973	7,967,973	6,605,940
Fund surplus, end of year	$ 9,799,193	$ 9,196,883	$ 7,967,973

See accompanying notes

CLARENCE CAMPEAU DEVELOPMENT FUND
(Operating as the Métis Development Fund)
Statement of Assets, Liabilities and Fund Surplus
As At December 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 1,636,776	$ 1,817,979
Short-term investments *[note 3]*	5,659,572	4,266,593
Accounts receivable	9,619	2,721
Interest receivable	29,540	40,749
Current portion of contributions receivable *[notes 4 & 6]*	498,443	496,057
	7,833,950	6,624,099
Long-term investments *[note 3]*	286,000	-
Contributions receivable *[notes 4 & 6]*	1,180,506	1,442,462
Capital assets *[note 5]*	36,682	13,112
	$ 9,337,138	$ 8,079,673
LIABILITIES AND FUND SURPLUS		
Current liabilities		
Accounts payable	$ -	$ 8,200
Contributions & grants payable *[note 6]*	140,255	103,500
	140,255	111,700
Fund surplus	9,196,883	7,967,973
	$ 9,337,138	$ 8,079,673

See accompanying notes

APPROVED BY THE BOARD:

..... Director

..... Director

CLARENCE CAMPEAU DEVELOPMENT FUND
(Operating as the Métis Development Fund)
Statement of Cash Flows
Year Ended December 31, 2002

	2002	2001
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 1,228,910	$ 1,362,033
Items not affecting cash		
Amortization	11,899	4,016
Defaulted contributions receivable *[note 4]*	244,055	112,731
Provision for contributions receivable losses *[note 4]*	(28,840)	18,290
Net change in non-cash working capital items relating to operations *[note 7]*	32,866	(231,952)
	1,488,890	1,265,118
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Net contribution receipts (payments)	44,355	(295,504)
Purchase of capital assets	(35,469)	(10,808)
Advances for Provincial Metis Holdco Inc. mortgage	(286,000)	-
	(277,114)	(306,312)
INCREASE IN CASH DURING THE YEAR	1,211,776	958,806
CASH POSITION, BEGINNING OF YEAR	6,084,572	5,125,766
CASH POSITION, END OF YEAR	$ 7,296,348	$ 6,084,572
Cash, for purpose of the statement of cash flows, consists of:		
Cash	1,636,776	1,817,979
Short-term investments	5,659,572	4,266,593
	$ 7,296,348	$ 6,084,572

See accompanying notes

1. NATURE OF THE FUND

The Clarence Campeau Development Fund ("the Fund") was established by The Métis Society of Saskatchewan Inc. ("Métis Nation") pursuant to an agreement with the Government of Saskatchewan (Economic & Co-operative Development) dated June 11, 1997 and is governed in accordance with that agreement. Effective November 9, 2001 the Minister of Aboriginal Affairs designated the Fund as the Métis Development Fund pursuant to the Saskatchewan Gaming Corporation Act. A new Agreement between the province and the Metis Nation-Saskatchewan Secretariat Inc. was executed in December 2002.

The objective of the Fund is to stimulate economic development activities of Métis people and communities by providing equity for Métis businesses, supporting community economic development initiatives and developing management skills of new and existing Métis business owners and entrepreneurs. To achieve this, the Fund makes repayable contributions to qualifying projects and non-repayable grants to community projects.

The term of the repayable contributions by the Fund is up to seven years. Equity instruments and convertible debentures can be held by the Fund for maximum period of ten years. Contributions are targeted to commercially viable, market based projects, primarily in value-added sectors of the economy such as forestry, mining, tourism and information technology with specific contribution criteria to be approved by the Board. The Board may enter into agreements with other contributing entities and appropriate business support agencies. Each single project is subject to a maximum of the lesser of 35% of the value of the fixed assets identified in the project costs or $200,000. Funding is available for large scale or joint venture projects for up to the lesser of $1,000,000 or 50% of the value of the fixed assets identified in the project.

Under the Community Development Business Program the Fund can provide a one time non-repayable grant up to the lesser of $100,000 or 35% of the value of the fixed assets identified in the project costs. Should the business be sold or disposed of within three years of receiving a non-repayable contribution it will become repayable immediately. Under the Development of Management and Marketing Skills Program the Fund can provide grants up to 75% of approved training costs. Under the Business Plan Assistance Program the Fund can provide grants up to 75% of the costs to a maximum of $10,000. Under the Support for Aftercare Program the Fund can provide grants up to 75% of the costs, to a maximum of $5,000 in each of the first two years of the business operation. Unused portions in any year will not be carried forward.

The Fund derives its revenue pursuant to the *Saskatchewan Gaming Corporation Act*. In 2002 non-repayable grants consisted of $2,000,000 from Saskatchewan Intergovernmental and Aboriginal Affairs (2001 - $1,500,000 from Saskatchewan Intergovernmental and Aboriginal Affairs and $500,000 from the Associated Entities Fund (now referred to as the Community Initiatives Fund)).

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at year end. Actual results could differ from those estimates.

Cash and Investments

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments in money market instruments and bankers acceptances.

Short-term investments are recorded at the lower of cost or market value. Long-term investments are recorded at cost less any amounts written off to reflect permanent declines in value.

Capital Assets and Amortization

Capital assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred. Amortization is recorded in the accounts on the diminishing balance basis as follows:

Office furniture	20%
Computer equipment	30%
Computer software	100%

Revenue Recognition

Revenue received or receivable pursuant to the agreement with the Government of Saskatchewan is recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment and interest income is recognized as revenue when earned.

Contributions and Grants

Contributions and grants under $25,000 are recorded when the Fund Manager has approved the payment and all conditions are met by the applicant. Contributions and grants over $25,000 and less than $50,000 are recorded when the Audit and Finance Committee has approved the payment and all conditions are met by the applicant. Contributions and grants over $50,000 are recorded when the Board has approved the payment and all conditions are met by the applicant.

Financial Instruments

The fair market value of cash, accounts receivable and accounts payable approximate their carrying values. Management does not believe that the Fund is exposed to significant interest, currency or credit risks.

3. INVESTMENTS

Short-term investments consist of money market funds and bankers acceptances. The market value of the short-term investments at December 31, 2002 is $5,684,728 (2001 - $4,313,144).

Long-term investments consist of a 4% five year first mortgage against land and building owned by Provincial Metis Holdco Inc. located at 219 Robin Crescent, Saskatoon, SK. The fair market value of this land and building at December 31, 2002 is $710,000.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are amounts distributed to qualified projects to provide funding. These amounts are interest free and repayable to the Fund over a maximum term of seven years. The maximum term for equity instruments is ten years and usually involves the payment of regular dividend payments.

All contributions in arrears are handled on a case-by-case basis and are written-off after all reasonable restructuring/collection activities have taken place and the possibility of further recovery is considered to be remote.

A contribution is classified as non-performing when management has determined that there is a reasonable doubt as to the ultimate collectability of principal. The provision for defaulted contributions receivable consists of specific items established on a case-by-case basis and a general provision of 10% of the outstanding contributions receivable.

The Fund evaluates each client's creditworthiness on a case-by-case basis. The Fund contracts project assessment and project follow up and evaluation services from other qualified institutions or businesses, where necessary. All applicants are required to enter into a contractual agreement with the Fund. Further, the Fund is required to ensure Métis ancestry when granting an equity contribution.

Contributions receivable consist of the following:

	2002	2001
Contributions receivable	$ 2,109,554	$ 2,266,640
Less provision for defaulted contributions - specific items	(244,055)	(112,731)
- general provision	(186,550)	(215,390)
	1,678,949	1,938,519
Less current portion	(498,443)	(496,057)
Non-current contributions receivable	$ 1,180,506	$ 1,442,462

5. CAPITAL ASSETS

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	$ 31,432	$ 10,030	$ 21,402	$ 9,376
Computer equipment	29,155	13,875	15,280	3,736
Computer software	2,623	2,623	-	-
	$ 63,210	$ 26,528	$ 36,682	$ 13,112

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

During the year, the Fund paid $4,500 (2001 - $163,200) to the Metis Nation in contributions for qualified projects. The Fund also paid $40,138 (2001 - $33,174) to the SaskNative Economic Development Corporation (SNEDCO), beneficially owned by the Metis Nation, for non-repayable contributions for the preparation of business plans, office rent and basic office expenses. The Fund also paid $7,088 (2001 - $50,000) to the Dumont Technical Institute in contributions for qualified projects. The Dumont Technical Institute is the educational arm of the Metis Nation. The Fund also paid $286,000 (2001-$0) to Provincial Metis Holdco Inc. for a first mortgage against the Property owned by Provincial Metis Holdco Inc. and $2,481 (2001-$2,436) for office rent. The Provincial Metis Holdco Inc. is a wholly owned subsidiary of the Metis Nation.

One board member is the Chairperson of the Batoche Committee and is the Area Director for the Metis Western Region II, which includes the town of Duck Lake. During the year, the Fund paid $15,000 (2001 - $0) for qualified costs associated with the 2002 Back to Batoche Festival. The Fund also paid $38,616 (2001 - $0) for qualified projects for the Duck Lake Metis Local #10.

One board member is the President of the Nipawin Metis Local #134. During the year, the Fund paid $50,000 (2001 - $0) for qualified projects for the Nipawin Metis Local #134.

As at December 31, 2002, the Fund has grants payable to the Metis Nation of $85,000 and to the Dumont Technical Institute of $50,000.

In 2000, the Fund approved a contribution to SNEDCO of $500,000 to be used to enhance SNEDCO's loan program. SNEDCO pays interest at a rate of 6% per year on a quarterly basis beginning June 1, 2000. The Fund earned interest revenue of $16,973 from this contribution in 2002 (2001 - $30,000). The entire principal balance was repaid on June 24, 2002.

The Board allows its members to apply for contributions for qualifying projects. During the year, the Board did not approve any new contributions for these projects. At December 31, 2002, outstanding contributions receivable from board members amounted to $117,076 (2001 - $161,329).

7. NET CHANGE IN NON-CASH WORKING CAPITAL

Details of net changes in each element of non-cash working capital relating to operations are as follows:

	2002	2001
(Increase) decrease in current assets		
Accounts receivable	**$ (6,898)**	$ (2,721)
Interest receivable	**11,209**	8,769
	4,311	6,048
Increase (decrease) in current liabilities		
Accounts payable	**(8,200)**	4,000
Contributions payable	**36,755**	(242,000)
	28,555	(238,000)
	$ 32,866	$ (231,952)